Supplement No. 3

pursuant to Section 16 para. 1 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*)

dated 24 April 2018

to the

Registration Document

dated 16 May 2017

of

Citigroup Global Markets Deutschland AG,

Frankfurt am Main

(the "Issuer")

This supplement is drawn up in connection with the publication of the Issuer's annual financial information as of 31 December 2017 which was published on 16 April 2018 (the "**Annual-Report**"). In addition, as part of the meeting to approve the Annual-Report on 28 March 2018, details were also discussed regarding certain reorganizational measures with respect to the business activities in Germany, which were adopted on 27 June 2017. These details are also subject of this supplement.

The information contained in the Registration Document shall be supplemented as described in the following:

*1. In section "**1. Risk Factors**" on page 7 of the Registration Document the information in subsection "**1.5 Issuer risk despite control and profit (loss) transfer agreement**" shall be deleted and replaced by the following information:*

> "The Issuer belongs to the Citigroup Inc. Group (Citigroup Inc. together with its subsidiaries the "**Citigroup Group**" or the "**Citigroup**"). The Issuer and its direct holding company, i.e. Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG are currently parties of a control and profit (loss) transfer agreement, which is described more specifically below.
>
> Under the control agreement, the Issuer's management is subject to the direction of the direct holding company. Profits must be transferred to the direct holding company, and losses must be indemnified by the direct holding company.
>
> Pursuant to §§ 301 et seq. of the German Stock Corporation Act (*Aktiengesetz*; "**AktG**"), the profit transfer or loss indemnity obligation arises only after the annual financial statements for the relevant fiscal year have been approved. If, during the fiscal year, the Issuer faces liquidity shortenings, then – despite the control and profit (loss) transfer agreement – the Issuer may not be able to fulfill its obligations under the issued securities in a timely manner or at all.
>
> Despite the control and profit (loss) transfer agreement, the Issuer may be unable to meet its obligations under the securities if the Issuer generates a net loss and the direct holding company, which is required to indemnify the loss, is unable or unwilling to meet its contractual obligations as a result of its own liquidity problems or over-indebtedness.
>
> Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG is also entitled to issue disadvantageous instructions to the Issuer in individual cases in accordance with § 308 (1) sentence 2 AktG that may adversely affect the financial and liquidity position of the Issuer. The materialisation of this risk depends inter alia on the financial position and results of Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG.
>
> On 27 June 2017 Citigroup resolved to carry out certain reorganizational measures with respect to its business activities in Germany. As a first step to be completed by late April 2018, it is intended to transfer the current banking business of the Issuer (in particular the Treasury & Trade Solutions (TTS), Corporate Lending, Treasury Activities & Own Issuances and Issuer Services business units, hereinafter collectively referred to as "**Banking Business**"), which has so far been operated by the Issuer, to Citibank Europe plc. The Issuer's warrants and certificates business will not be affected by these measures. It is intended that, following the planned restructuring, the Issuer's remaining activities will continue to be conducted in the form of a securities trading bank. Upon completion of the transfer of the banking business, it is intended that changes in the ownership structure of the Issuer within Citigroup will be made. It is envisaged that Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG shall no longer act as parent company of the Issuer and that all shares in the Issuer will be transferred to Citigroup Global Markets Limited with registered office in London, United Kingdom. In the course of the change in the Issuer's parent company, it is intended that the control and profit (loss) transfer agreement be-

tween the Issuer and its current parent company, Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, will be terminated. Upon termination of such an agreement, the statutory creditors' rights pursuant to § 303 AktG will arise. Pursuant to § 303 AktG, the Issuer's current parent company, Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, will have to provide collateral to the Issuer's creditors for any claims which have arisen prior to the announcement of the registration of the control and profit (loss) transfer agreement's termination in the commercial register, provided that the creditors request Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG to do so within a period of six months following the announcement of the registration of the control and profit (loss) transfer agreement's termination. Once this period has expired, the creditors will not be able to assert any further claims against the Issuer's current parent company."

*2. In section "**1. Risk Factors**"on page 7 of the Registration Document the following new subsection "**1.6 Issuer risk due to the hive-down of the Banking Business**" shall be inserted, which also changes the numbering of the following subsections in the Registration Document accordingly:*

"It is intended that the current banking business of the Issuer (in particular the Treasury & Trade Solutions (TTS), Corporate Lending, Treasury Activities & Own Issuances and Issuer Services business units, hereinafter collectively referred to as "**Banking Business**"), which has so far been operated by the Issuer, will be transferred to Citibank Europe plc until late April 2018. The Banking Business will be transferred by way of a hive-down and new formation (*Ausgliederung zur Neugründung*) pursuant to § 123 (3) no. 2 of the German Corporate Transformation Act (*Umwandlungsgesetz*; "**UmwG**") to a German limited partnership (*Kommanditgesellschaft*) yet to be established ("**Hive-Down Vehicle**") whose limited partner (*Kommanditist*) will be the Issuer and whose general partner (*Komplementär*; personally liable partner) will be Citibank Europe plc. Subject to the hive-down taking effect by means of its registration in the Issuer's commercial register ("**Closing Date**"), the Issuer will sell and transfer its limited partnership interest in the Hive-Down Vehicle to the general partner. Therefore, all partnership assets (including any related liabilities) of the Hive-Down Vehicle (in particular the assets of the former Banking Business) will, automatically and by virtue of law, be transferred to Citibank Europe plc by way of universal succession ("**Accretion**").

The protection of the Issuer's creditors with respect to the liabilities transferred as part of the hive-down and the liabilities remaining with the Issuer is governed by § 125 UmwG in conjunction with §§ 22, 133 UmwG. Pursuant to these provisions, the Issuer and the Hive-Down Vehicle are, in relation to third parties, jointly and severally liable to the creditors for any liabilities of the Issuer which have been created prior to the Closing Date ("**Legacy Liabilities**"). The Issuer will, in principle, be jointly and severally liable for a period of five years. The period applicable to pension liabilities under the German Company Pensions Act (*Betriebsrentengesetz*) is ten years. As between themselves, the Issuer and the Hive-Down Vehicle will have compensation claims against each other if they are held liable. In deviation from the relevant statutory provision, the Issuer and the Hive-Down Vehicle agreed that (i) the Hive-Down Vehicle will be liable for Legacy Liabilities relating to the Banking Business and (ii) the Issuer will only be liable for Legacy Liabilities relating to any of the business units remaining with the Issuer. Accordingly, they will have mutual contractual claims for indemnification.

As of the date of the Accretion, any contractual claims for indemnification will be claims against Citibank Europe plc, which will assume the legal position of the Hive-Down Vehicle.

If the Issuer is held liable by a creditor, the Issuer will therefore be exposed to the risk that Citibank Europe plc does not or cannot meet its indemnification obligation due to lack of liquidity, operational failures, insolvency or other reasons. In this case, the Issuer will independently be economically liable to creditors for the corresponding Legacy Liabilities with the assets remaining with the Issuer.

In addition, even after its withdrawal as limited partner of the Hive-Down Vehicle, the Issuer will, for a period of five years, continue to be liable for any liabilities of the Hive-Down Vehicle which have been created prior to the date of its withdrawal. In this case, however, the Issuer's liability is limited to the amount of the liable contribution (*Haftsumme*) registered in the commercial register (1,000 euros)."

*3. In section "**4. Statutory Auditos**" on page 12 of the Registration Document the information included shall be deleted and replaced by the following information:*

"The statutory auditor of the Issuer during the period covered by the historical financial statements in this Registration Document (fiscal year from 1 January 2017 through 31 December 2017, short fiscal year from 1 December 2016 through 31 December 2016 and fiscal year from 1 December 2015 through 30 November 2016) was and respectively is

KPMG AG
Wirtschaftsprüfungsgesellschaft
THE SQUAIRE
Am Flughafen
D-60549 Frankfurt am Main.

The Issuer's statutory auditor is a member of the chamber of auditors listed below:

Wirtschaftsprüferkammer
Körperschaft des öffentlichen Rechts
Rauchstraße 26 10787 Berlin**"**

*4. In section "**5. Business history, development and registered office of the Issuer**" on page 15 of the Registration Document the information in subsection "**5.2 Development of the Issuer**" shall be deleted and replaced by the following information:*

"On 27 June 2017 Citigroup resolved to carry out certain reorganizational measures with respect to its business activities in Germany. As a first step to be completed by late April 2018, it is intended to transfer the current banking business of the Issuer (in particular the Treasury & Trade Solutions (TTS), Corporate Lending, Treasury Activities & Own Issuances and Issuer Services business units, hereinafter collectively referred to as "**Banking Business**"), which has so far been operated by the Issuer, to Citibank Europe plc. The Banking Business will be transferred to a German limited partnership by way of a hive-down and new formation pursuant to § 123 (3) no. 2 of the German Corporate Transformation Act (*Umwandlungsgesetz*; "**UmwG**"), followed by an accretion at Citibank Europe plc. Subject to the completion of the transfer, it is intended that changes in the ownership structure of the Issuer within Citigroup will be made.

Hive-down of the Banking Business

As transferring entity, the Issuer will transfer all assets, rights and liabilities predominantly allocable to the Banking Business to a German limited partnership yet to be established ("**Hive-Down Vehicle**") as acquiring entity by way of partial universal succession, in return for a limited partnership interest in the Hive-Down Vehicle involving a limited partnership contribution (contribution under the partnership agreement (*Pflichteinlage*) and liable contribution (*Haftsumme*)) of 1,000 euros. The general partner (*Komplementär*; personally liable partner) of the Hive-Down Vehicle will be Citibank Europe plc. The assets, rights and liabilities of the Issuer which are not allocable to the Banking Business – in particular the Issuer’s own issuances business – will not be transferred to the Hive-Down Vehicle and will therefore not be affected by this measure.

The hive-down effective date is 1 January 2018, 00.00 hrs. From this point in time onwards, the Issuer's actions and transactions with respect to the Banking Business will, in the internal relationship between the parties, be deemed to have been made for the account of the Hive-Down Vehicle.

It is envisaged that the hive-down plan will be notarised during the first two calendar weeks of April 2018 and the hive-down will take effect upon its registration in the Issuer's commercial register ("**Closing Date**") and that the Closing Date will be 27 April 2018. At that point in time, the assets belonging to the Banking Business (including any related liabilities) will be transferred to the Hive-Down Vehicle by way of partial universal succession.

Accretion of the Banking Business at Citibank Europe plc

Subject to the registration of the hive-down on the Closing Date, the Issuer will sell and transfer its limited partnership interest in the Hive-Down Vehicle to the only other partner of the Hive-Down Vehicle, Citibank Europe plc. Thus, all partnership assets of the Hive-Down Vehicle (in particular the Banking Business) will, automatically and by virtue of law, be transferred to Citibank Europe plc by way of universal succession ("**Accretion**").

Change in the ownership of the Issuer

Subject to the registration of the hive-down in the Issuer's commercial register and the accretion on the Closing Date, the Issuer's current parent company, Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, will sell and transfer the shares in the Issuer held by it to Citigroup Global Markets Limited with registered office in London, United Kingdom. Thus, Citigroup Global Markets Limited will become the new parent company of the Issuer. With effect from 24.00 hrs on the Closing Date, the existing control and profit (loss) transfer agreement between the Issuer and its current parent company will terminate. Upon termination of the control and profit (loss) transfer agreement, the special statutory creditor protection provisions of § 303 AktG will apply. Pursuant to § 303 AktG, the Issuer's current parent company, Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, will have to provide collateral to the Issuer's creditors for any claims which have arisen prior to the announcement of the registration of the control and profit (loss) transfer agreement's termination in the commercial register, provided that the creditors request Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG to do so within a period of six months following the announcement of the registration of the control and profit (loss) transfer agreement's termination. Once this period has expired, the creditors will not be able to assert any further claims against the Issuer's current parent company.

Except for the proposed reorganizational measures, there have been no recent events that may have a material impact on the assessment of the Issuer’s solvency."

*5. In section "**6. Business overview of the Issuer**" on page 15 of the Registration Document in subsection "**6.1.1 Overview**" the information in the second paragraph shall be deleted and replaced by the following information:*

"On 27 June 2017 Citigroup resolved to carry out certain reorganizational measures with respect to its business activities in Germany. As a first step to be completed by late April 2018, it is intended to transfer the current banking business of the Issuer (in particular the Treasury & Trade Solutions (TTS), Corporate Lending, Treasury Activities & Own Issuances and Issuer Services business units) to Citibank Europe Plc. The Issuer’s warrants and certificates business will not be affected by these measures. It is intended that, following the planned restructuring, the Issuer's remaining activities will continue to be conducted in the form of a securities trading bank."

*6. In section "**7. Organisational structure of the Issuer**" on page 20 of the Registration Document the last three paragraphs shall be deleted and replaced by the following information:*

"On 27 June 2017 Citigroup resolved to carry out certain reorganizational measures with respect to its business activities in Germany. As part of these measures, it is intended that Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG shall sell and transfer all shares in the Issuer within Citigroup to Citigroup Global Markets Limited with registered office in London, United Kingdom until late April 2018. In the course of the resultant change in the Issuer's parent company, it is intended that the control and profit (loss) transfer agreement between the Issuer and its current parent company, Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG, will be terminated. Upon termination of such an agreement, the statutory creditors' rights pursuant to § 303 AktG will arise.

For further information on the proposed reorganizational measures see subsection "5.2 Development of the Issuer"."

*7. In section "**8 Trend Information**" on pages 22 and 23 of the Registration Document the information shall be deleted and replaced by the following information:*

"The Issuer hereby declares that there have been no material adverse changes in the prospects of the Issuer since the date of its last audited financial statements, i.e. 31 December 2017.

Except for the measures referred to in section "5.2 Development of the Issuer" of the issuer no significant events have occurred since the date of the last financial statements.

8.1 Outlook for the overall economy[1]

With respect to the development of the global economy, the Issuer is forecasting a moderate increase in the growth rate from 3.2% to 3.4%. The growth rate is expected to climb from 2.2% to 2.4% in industrial countries and from 4.7% to 4.8% in emerging countries.

In 7 of the 10 industrial countries, the prime (base) rate is expected to be rise, by 75 basis points in the United States and Canada and by 25 basis points in the United Kingdom, Australia, New Zealand, Norway and Sweden. Moreover, 2018 will be turning point for bond purchasing by the central banks in the industrial countries. The net bond purchases made by industrial countries will decrease sharply, and the US Federal Reserve will reduce its balance sheet totals and the European Central Bank will end its bond purchasing program. The Bank of Japan will be the only central bank in the industrial countries that will continue to make significant bond purchases.

The year 2017 was an important year for international trade due to, among other things, the termination of the Trans-Pacific Partnership (TPP) by the United States. In 2018, there could be other significant changes. Open issues include the findings from investigations related to Chinese practices involving intellectual property (under Section 301 of the U.S. Trade Act 1974) and the effects of steel and aluminum imports on national security (under Section 232 of Trade Expansion Act of 1962). In addition, NAFTA and KORUS (the free trade agreement between the US and Korea) will enter into new rounds of negotiation in 2018.

As a result of tax cuts and increased government spending, the growth rate for the US economy should be approximately 2.7% in 2018 and 2.4% in 2019. The Issuer expects a USD 1.5 trillion increase in the US budget deficit over the next 10 years due to the lowering of corporate income tax rates from 35% to 20% and a net reduction in personal tax payments that will be triggered thereby.

[1] Source: Citigroup Research “Global Economic Outlook and Strategy” from November 27, 2017

in 2018, the Eurozone is expected to report a slight increase in growth, from 2.1% to 2.4%. The countries of the Eurozone are either in a late recovery phase or in the early bloom phase. In that phase, it is common to see corporate profits rise. This leads to a CAPEX cycle that is facilitated through bank loans. Given the phase in which the Eurozone currently finds itself, the Issuer believes that the likelihood of a recession is very small. The European Central Bank is not expected to continue its bond purchasing after September 2018 and will also not raise interest rates until that point in time.

The Issuer is not expecting any major economic instability in Spain because of the conflict with Catalonia. The independence of Catalonia is viewed as a rather unlikely scenario even in the long-term.

For Germany, the Issuer is forecasting a moderate increase in growth, from 2.6% in 2017 to 2.7% in 2018. In contrast thereto, the Bank does expect growth to decline to 2.3% in 2019. An increase in demand for capital goods should benefit production in Germany and lead to a further export boom. An increase in domestic demand is also expected due to higher employment levels and immigration. Irrespective of the new elections, the gross domestic product will increase by 1% through 2021.

8.2 Outlook for the banking industry

The development for the banking industry remains challenging. Up until the end of 2017, prices on the financial markets rose considerably, yet fear of a looming market correction has grown among investors. Nevertheless, the Issuer views a recession as unlikely. An elevated government and corporate debt load could, however, threaten the stability of the financial markets.

In 2018, banks will need to monitor and adhere to more regulatory measures such as reporting requirements or the MiFID II implementation, and new digital services and alliances in Fintech.

At the moment, London is the largest financial center in Europe. If the United Kingdom should lose its access to the single market following its exit, then such a situation would have far-reaching consequences for the financial sector in the EU."

*8. In section "**12 .Major shareholders**" on page 25 of the Registration Document the first paragraph shall be deleted and replaced by the following information:*

"The current sole shareholder of the issuer is Citigroup Global Markets Finance Corporation & Co. beschränkt haftende KG. As part of a reorganization, it is intended to transfer all shares in the Issuer within Citigroup to Citigroup Global Markets Limited with registered office in London, United Kingdom until late April 2018."

*9. In section "**14. Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses**" on page 25 of the Registration Document the subsections "**14.1 Financial Statements**", "14. **Auditing of historical annual financial information**", "**14.3 Interim Financial Information**" and "**14.4 Significant change in the financial condition or trading position of the Issuer**" shall be deleted and replaced by the following information:*

"**14.1 Financial statements**

The Issuer's annual financial statements for fiscal year 2017 and 2016 respectively are included in this Registration Document in Annex I on pages E-1 through E-42 (fiscal year from 1 December 2017 through 31 December 2017), Annex II on pages F-1 through F-43 (short fiscal year from 1 December 2016 through 31 December 2016) and Annex III on pages G-1 through G-38 (fiscal year from 1 December 2015 through 30 November 2016).

14.2 Auditing of historical annual financial information

The annual financial statements including the bookkeeping system for the fiscal year from 1 December 2017 through 31 December 2017, the short fiscal year from 1 December 2016 through 31 December 2016 and the fiscal year from 1 December 2015 through 30 November 2016, which are included in this document, were audited by the Issuer's statutory auditor and certified with an unqualified auditor's opinion.

14.3 Significant change in the financial condition or trading position of the Issuer

There has been no material change in the Issuer's financial condition or trading position since the end of the fiscal year completed on 31 December 2017."

*10. The information in section "**18. Documents on display**" on page 26 of the Registration Document shall be deleted and replaced by the following information:*

"During the valid term of this Registration Document, copies of the following documents are available for inspection:
(a) the Issuer's articles of association;
(b) the audited annual financial statements of the Issuer the fiscal year from 1 December 2017 through 31 December 2017, for the short fiscal year from 1 December 2016 through 31 December 2016 and the fiscal year from 1 December 2015 through 30 November 2016.

A hard copy of the documents (a) to (b) may be inspected during normal office hours at the Issuer's place of business located at the following address: Legal Department, Reuterweg 16, 60323 Frankfurt am Main."

*11. The pages contained in the appendix to this Supplement (page 28 of the amended Registration Document and the pages E-1 through E-42) are inserted as "**Annex I: Financial Information for Fiscal Year from 1 January 2017 through 31 December 2017**" after page 27 of the Registration Document. The numbering of the following appendixes changes accordingly.*

*12. The appendix contained after page H-39 of the Registration Document as "**Annex IV: Interim Management Report for the Half-Year Financial Report as of 30 June 2017**" shall be deleted.*

Appendix

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ANNEX I: FINANCIAL INFORMATION FOR FISCAL YEAR FROM 1 JANUARY 2017 THROUGH 31 DECEMBER 2017

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28[2]

[2] *Page number of the amended Registration Document*

Balance Sheet as of December 31, 2017

Citigroup Global Markets Deutschland AG, Frankfurt am Main

A s s e t s

				EUR	EUR	EUR	12/31/2016 TEUR
1. Cash reserve							
a) Cash on hand					-.--		-
b) Credit balances held at central banks					33,950,807.04		6,879
of which: at the German *Bundesbank* (German Central Bank)							
	EUR	33,950,807.04	(12/31/2016 TEUR 6,879)				
c) Credit balances held at post giro offices					-.--	33,950,807.04	6,879
2. Receivables from banks							
a) Due upon demand					113,634,629.59		148,146
b) Other receivables					3,673,752,377.54	3,787,387,007.13	3,488,135
3. Receivables from clients						152,745,722.28	131,837
of which: secured through *in rem* security							
interests *(Grundpfandrechte)*	EUR	-.--	(12/31/2016 TEUR -)				
municipal loans	EUR	-.--	(12/31/2016 TEUR -)				
4. Debt securities and other fixed-income securities							
a) Money market paper							
aa) issued by government entities				-.--			-
ab) issued by other entities				-.--	-.--		-
b) Bonds and debt securities							
ba) issued by government entities				-.--			-
of which: qualifying as collateral for the German							
Bundesbank	EUR	-.--	(12/31/2016 TEUR -)				
bb) issued by other entities				-.--	-.--		-
of which: qualifying as collateral for the German							
Bundesbank	EUR	-.--	(12/31/2016 TEUR -)				
c) Own debt securities					-.--	-.--	-
face value	EUR	-.--	(12/31/2016 TEUR -)				

5.	**Stocks and other variable-yield securities**			-.--	-
5a	**Trading portfolio**			6,184,398,400.52	5,026,986
6.	**Equity investments**			1,135,714.07	1,136
	of which: held in banks EUR -.-- (12/31/2016 TEUR)				
	held in financial service institutions EUR -.-- (12/31/2016 TEUR -)				
7.	**Intangible assets**				
	a)	Internally generated industrial property rights and similar rights and assets	-.--		-
	b)	Paid-for concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets	-.--		-
	c)	Goodwill	-.--		-
	d)	Prepayments	-.--	-.--	-
8.	**Tangible assets**			2,500,429.06	2,640
9.	**Other assets**			32,683,690.22	15,125
10.	**Prepaid and deferred items**			115,427.95	725
11.	**Excess of plan assets over post-employment benefit liability**			-.--	-
Total assets				10,194,917,198.27	8,821,609

				Liabilities and equity capital
	EUR	EUR	EUR	12/31/2016 TEUR
1. Liabilities owed to banks				
a) Payable on demand		732,073,244.32		963,051
b) Having an agreed term or notice period		65,039,806.09	797,113,050.41	24,928
2. Liabilities owed to clients				
a) Savings deposits				
aa) with an agreed notice period of three months	-.--			-
ab) with agreed notice period of more than three months	-.--	-.--		-
b) Other liabilities				
ba) payable on demand	1,798,471,758.14			1,234,399
bb) having an agreed term or notice period	895,331,102.04	2,693,802,860.18	2,693,802,860.18	830,336
3. Securitized liabilities				
a) Issued debt securities		-.--		-
b) Other securitized liabilities		-.--		-
of which:				
Money market paper EUR -.-- (12/31/2016 TEUR -)				
Own acceptances and promisory notes outstanding EUR -.-- (12/31/2016 TEUR -)				
c) Miscellaneous securitized liabilities	-.--	-.--	-.--	-
3a Trading portfolio			5,941,232,257.87	5,034,428
4. Other liabilities			83,371,295.85	65,574

5. Deferred income			197,376.53	206
6. Accrued liabilities				
a) Pensions and similar obligations		18,473,147.00		11,145
b) Tax reserves		-.--		-
c) Other accrued liabilities		41,912,815.12	60,385,962.12	41,318
7. Funds for general bank risks as defined in § 340e (4) HGB			28,333,610.23	25,743
8. Equity capital				
a) Subscribed capital				
aa) registered share capital	210,569,889.00			210,570
ab) silent partner capital	-.--	210,569,889.00		-
b) Capital reserve	318,967,162.22	318,967,162.22		318,967
c) Earnings reserves				
ca) legal reserve	33,027,197.15			33,027
cb) reserves for treasury shares	-.--			-
cc) reserves required by articles of association	-.--			-
cd) other earnings reserves	27,916,536.71	60,943,733.86		27,917
d) Unappropriated earnings/loss (balance sheet profit/loss)		-.--	590,480,785.08	590,481
Total liabilities and equity capital			10,194,917,198.27	8,821,609

	EUR	EUR	12/31/2016 TEUR
1. Contingent liabilities			
a) Contingent liabilities arising from transferred and cleared bills of exchange	-.--		-
b) Liabilities arising from guarantees and warranty contracts	563,475,255.52		475,448
c) Liabilities arising from security furnished on behalf of third parties	-.--	563,475,255.52	-
2. Other obligations			
a) Redemption obligations under repurchase agreements	-.--		-
b) Placement and underwriting obligations	-.--		-
c) Irrevocable lines of credit	449,059,287.46	449,059,287.46	492,788

Income Statement

for the period of January 1, 2017 through December 31, 2017

Citigroup Global Markets Deutschland AG, Frankfurt am Main

	EUR	EUR	EUR	12/1/2016-12/31/2016 TEUR
1. Interest income from				
a) Loans and money market transactions	6,476,006.03			639
2. Negative interest income from				
a) Loans and money market transactions	14,133,293.03	-7,657,287.00		1,563
3. Interest expenses	2,743,624.86			262
4. Positive interest from loans and money market transactions	8,567,899.65	5,824,274.79	-1,833,012.21	593
5. Current income from				
a) Shares and other variable-yield securities		-. --		-
b) Equity investments		19,808.70		-
c) Interests in affiliated enterprises		-. --	19,808.70	-
6. Commission income		187,708,090.98		16,393
7. Commission expenses		9,026,304.46	178,681,786.52	129
8. Net income from financial trading operations			66,155,524.10	335
included therein are deposits into special accounts per § 340g HGB EUR 2,590,097.88 (12/1/2016-12/31/2016 TEUR --)				
9. Other operating expenses			20,259,721.32	931
10. General administrative expenses				
a) Personnel expenses				
aa) wages and salaries	64,824,167.26			5,074
ab) social security contributions, pension and welfare expenses	7,449,037.67	72,273,204.93		518
of which: for pensions EUR 3,317,976.69 (12/1/2016-12/31/2016 TEUR 218)				
b) other administrative expenses		103,894,339.32	176,167,544.25	6,995
11. Depreciation, amortisation and write-downs of tangible and intangible assets			736,973.14	63
12. Other operating expenses			19,579,150.67	329
13. Write-downs of, provisions for, receivables and certain securities and additions to loan reserves		-. --		76

14. Income from reversal of write-downs of receivables and certain securities, and income from reversal of loan reserves	784,230.28	784,230.28	25
15. Write-downs on equity investments, interests in affiliated enterprises and long-term securities		-.--	-
16. Results from ordinary operations		67,584,390.65	3,907
17. Extraordinary income		-. --	-
18. Extraordinary expenses		-. --	-
19. Extraordinary result		-. --	-. --
20. Taxes on income and earnings	702,008.63		191
21. Other taxes, to the extent not included in item 12	-.--	702,008.63	-
22. Income from loss transfers		-. --	-
23. Profits transferred pursuant to a profit pooling, profit transfer or partial profit transfer agreement		66,882,382.02	3,715
24. Annual net income		-. --	-
25. Profit carried forward/loss carried forward from prior year		-. --	-
		-. --	-
26. Transfers from capital reserves		-. --	-
		-. --	-
27. Transfers from earnings reserves			
a) from legal reserve	-. --		-
b) from reserve for treasury shares	-. --		-
c) from reserves required by the Bank's articles of association	-. --		-
d) from earnings reserves	-. --	-. --	-
		-. --	-
28. Transfers from capital participation rights *(Genussrechtskapital)*		-. --	-
		-. --	-
29. Transfers to earnings reserves			
a) to legal reserve	-. --		-
b) to reserve for treasury shares	-. --		-
c) to reserves required by the Bank's articles of association	-. --		-
d) to other earnings reserves	-. --	-. --	-
		-. --	-
30. Replenishment of capital with profit participation rights		-. --	-
31. Unappropriated earnings (balance sheet profit)		-. --	-

Cash Flow Statement in accordance with DRS no. 2-10

	2017 TEUR	Short Fiscal Year 2016 TEUR
Annual Net Income	**0**	**0**
Cash positions included in the annual net income and reconciliation with cash flow from current operating activities:		
Amortization/depreciation, value adjustments and reversals on receivables, tangible and financial assets	-5,888	-2,369
Change in accruals	16,342	-7,941
Changes in other non-cash expenses/income	1,806	51
Gain/loss from the sale of financial and tangible assets	-	-
Other adjustments (in net terms)	-9,775	290
Subtotal:	**2,485**	**-9,969**
Change in assets and liabilities from current operating activities:		
Receivables:		
- from banks	-151,106	-292,935
- from clients	-20,124	14,139
Debt securities and other fixed-income securities	-	-
Trading portfolio assets	-1,157,412	-430,666
Other assets from current operating activities	-16,949	1,184
Liabilities:		
- owed to banks	-190,865	261,835
- owed to clients	629,068	26,002
Securitized liabilities	-	-
Trading portfolio liabilities	906,804	409,449
Other liabilities from current operating activities	67,340	-673
Interest and dividend payments received	25,562	950
Interest paid	-16,489	-1,431
Income tax payments	702	191
Cash flow from current operating activities	**79,016**	**-21,924**
Payments received from the sale of		
- Financial assets	1,497	605
- Tangible assets	1	76
Payments made for investments in		
- Financial assets	-3,665	-
- Tangible assets	-599	-100
Payments received from the sale of consolidated companies and other business units	-	-
Payments made for the purchase of consolidated companies in other business units	-	-
Change in cash resources based on investing activities (in net terms)	-	-
Cash flow from investing activities	**-2,766**	**581**
Payments received from contributions to equity capital (capital increases, sale of own shares, etc.)	-	-
Payments made to company owners:		
- Dividend payments	-49,178	-
- Other outgoing payments		-
Change in cash resources other capital (in net terms)	-	-
Cash flow from financing activities	-49,178	-
Cash and cash equivalents at the end of previous period	**6,879**	**28,222**
Cash flow from current operating activities	79,016	-21,924
Cash flow from investing activities	-2,766	581
Cash flow from financing activities	-49,178	-
Cash and cash equivalents at the end of the period	**33,951**	**6,879**

Statement of Changes in Equity

The Bank's equity capital consists of the following:

	Share capital TEUR	Capital reserve TEUR	Earnings reserves TEUR	Unappro-priated profit/loss TEUR	Total equity capital TEUR
Per December 31, 2016	210,570	318,966	60,944	-	590,480
Capital increases/ sale of own shares	-	-	-	-	-
Capital reductions/share repurchases	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other changes	-	-	-	-	-
Result December, 2016	**-**	**-**	**-**	**-**	**-**
Per December 31, 2017	210,570	318,966	60,944	-	590,480

The earnings reserves are made up of the legal reserves totaling TEUR 33,027 and other earnings reserves totaling TEUR 27,917.

Citigroup Global Markets Deutschland AG
Frankfurt am Main

Notes to the Financial Statements for Fiscal Year 2017

1. Bases of the Accounting

Citigroup Global Markets Deutschland AG, Frankfurt am Main ("CGMD"), is a German stock corporation with its registered offices in Frankfurt am Main. Since June 10, 2010, it has been recorded in the commercial register of the District Court of Frankfurt am Main under registration number HRB 88301.

On August 29, 2016 and pursuant to a shareholder resolution, the Company elected to change its fiscal year. The fiscal year had previously begun on December 1st of a given year and ended on November 30th of the following year. As of January 1, 2017, the fiscal year begins on January 1st of a given year and ends on December 31st of the same year. A short fiscal year was established for the period of December 1 through December 31, 2016. The information for the fiscal year therefore relates to December 31, 2017, whereas the information for the prior year relates to December 31, 2016. Due to the short 2016 fiscal year, the year-over-year comparisons are possible only to a limited extent only.

The subscribed capital of CGMD includes the registered share capital of EUR 210,6 million. The registered share capital is divided into 8,236,778 no-par value shares, which are held by Citigroup Global Markets Finance Corporation & Co, beschränkt haftende KG (CKG), Frankfurt am Main.

The annual financial statements for fiscal year 2017 were prepared in accordance with the German Stock Corporation Act (AktG), the German Commercial Code (HGB), and the regulations concerning financial institution accounting.

2. Accounting and Valuation Methods

Commercial law requirements concerning the valuation of ownership and liability items and relating specifically to banks were observed in the valuation of the assets and liabilities.

Money market transactions are recognized at their face value or nominal amount. Money market transactions in foreign currencies are measured on the basis of § 256a HGB in combination with § 340h HGB.

Receivables from banks are stated at the nominal amount plus accrued interest. No write-downs were required in the fiscal year.

Receivables from clients are recorded at the repayment amount plus accrued interest less any allowances established to cover loan-related risks.

The valuation (recognition) of **financial instruments in the trading portfolio** is done at fair value less a risk discount in accordance with sentence one of § 340e (3) HGB. The financial instruments are initially recognized at their cost of acquisition. In accordance with an official statement (RS BFA 2) of the Institute of Public Auditors in Germany (IDW), the follow-up valuation at fair value is based on the value at which competent parties, who are independent of one another but wish to contract, could exchange an asset or pay a liability and is performed pursuant to the hierarchical order of valuation criteria set forth in § 255 (4) HGB. Any financial instruments, for which no active market exists, will be valued using generally accepted valuation methods (above all, option pricing models). In general, these methods are based on estimates of future cash flow, while taking into account any risk factors that may apply. The most important factors are the price of the underlying, implicit volatilities, yield curves and dividend forecasts. Where the stock market price is used in the valuation, the average stock market price shall apply.

As of December 31, 2017, the risk discount equaled TEUR 301 for the foreign currency risk trading book, TEUR 3,373 for the equities and index risk trading book, and TEUR 195 for the other trading book. The underlying value at risk (VaR) figure is based on a holding period of ten business days, a confidence level of 99% and an effective historical observation period of one year.

In addition, the Bank applied - as of the balance sheet date - a discount to the Other Price Risk Trading Book in the form of a "market value adjustment" totaling TEUR 1,490, which is calculated on the basis of a mathematical method and which factors in the model-linked price risks related to derivatives as well as the potential risks of loss upon repurchasing derivatives that the Bank itself had issued.

The trading portfolio in foreign currencies is valued using the foreign exchange rates published by the European Central Bank.

Equity investments are stated at their cost of acquisition less unscheduled write-downs.

Only **intangible assets,** which have been acquired for consideration, are stated at the costs of acquisition less straight-line amortization, In the event of a permanent impairment, an unscheduled write-down is taken.

Tangible assets are stated at acquisition cost less straight line-depreciation, In the event of a permanent impairment, an unscheduled write-down is taken.

Liabilities owed to banks and **liabilities owed to clients** are stated at their settlement amount [*Erfüllungsbetrag*] plus accrued interest.

In connection with hedging the interest rate risk, the Bank recognized on its accounts numerous micro-hedges with a total of four issued ***Schuldscheindarlehen*** (loans that are documented with a certificate of indebtedness known as a "*Schuldschein*") and a face value totaling TEUR 40,000. To ensure a refinancing structure with matching maturities, the fixed annual interest rate payments under the certificates of indebtedness which amounted to TEUR 2,003 were swapped for variable interest payments based on the 3-month Euribor by relying on interest rate swap agreements having matching maturities and matching amounts. On the balance sheet date, the Bank elected not to write-up the underlying transactions (*Schuldscheindarlehen*) resulting from the lower interest rate because they had been for the most part covered by the increase in the fair values [*Markwerte*] of the hedges (interest rate swap agreements). The fair value of the *Schuldscheindarlehen* is TEUR 10,048 higher than the book value. The increase in market value of the hedges was also not booked. The Bank applies the net hedge presentation method [*Einfrierungsmethode*] for the hedge established under § 254 HGB. It intends to preserve the hedge until the underlying transactions expire. The prospective and retrospective effectiveness testing is done using the critical term match method.

The **pension provisions** were valued on the basis of the projected unit credit method. Key principles underlying the valuation are the accrual-based allocation of pension benefits during the service relationship, for which commitments have been made and obligations taken on by affiliated enterprises under debt assumption agreements [*Schuldbeitrittserklärung*], and the actuarial assumptions that are used to calculate the present cash value of such future benefits. The value of the obligation as of the balance sheet date is the actuarial present cash value of all those benefits which, based on the pension formula under the plan, are attributable to the period of service completed up to that point in time. For 2017, CGMD had calculated an amount of TEUR 939 as the period of service expense on the basis of the debt assumption agreement and then charged this amount to the impacted companies.

In order to calculate the present cash value, a discount rate of 3,68 % based on a 15-year term in accordance with the rules of the German Act to Modernize Accounting Law (BilMoG) was used as the basis. Pursuant to § 253 (2) sentence 1 HGB, the average market rate of the previous ten fiscal years was used in this fiscal year. With respect to the resulting difference, we refer to our comments on page 8 regarding the total sum of the amounts barred from payout distribution. Future salary and wage increases were estimated at 2.25%, and at the same time, a 1.7% adjustment of the current annuities was assumed. The biometrical data was taken from the Heubeck 2005G mortality tables.

As part of the efforts to hedge the pension commitments, the Bank purchased or was contractually promised units in the **Rose** fund at costs of acquisition equaling TEUR 100,256.2. In addition, liquid funds [*liquid Mitteln*] totaling TEUR 4,529.3 were transferred to Citibank Pensionsfund e. V. **Assets and liabilities were netted** in accordance with § 246 (2) sentence 2 HGB. In the current fiscal year, an expense arose from the accrual of interest on the pension obligations in the amount of TEUR 15,702.10 (prior year: TEUR 981.4), while the change in the fair value of the plan assets resulted in income of TEUR 5,337.4 (prior year: TEUR 1,796.4), These earnings components are netted and then reported under other operating expenses (in the prior year, they were reported under other operating income). The standard allocation [*Regelzuführung*] produces an expense in the amount of TEUR 3,137.6 (prior year: TEUR 218.4).

On the balance sheet date, the fair value of the plan assets that are subject to netting equaled TEUR 179,728.6 (prior year: TEUR 174,391.2). The settlement amount of the pension obligations subject to netting equaled TEUR 191,310.6 (prior year: TEUR 178,435.0) on the balance sheet date. The settlement amount that exceeded the plan assets as of the balance sheet and that equaled TEUR 11,582.0 was shown under line item “Excess of plan assets over post-employment benefit liabilities” (prior year: TEUR 4,043.8).

Pension obligations also exist under the PAS, PRS and Deferred Compensation plans, which resulted from bonus conversions.

The obligations resulting from the **PAS and Deferred Compensation** plans are linked to the fair value of the relevant fund.

The acquisition costs of the fund units in the PAS Fund (**Sondervermögen PAS)** equal TEUR 4,031.6. On the balance sheet date, the fair value (market value) of the PAS Fund assets to be netted equaled TEUR 11,497.4 (prior year: TEUR 10,260.2). The settlement amount of the liabilities to be netted equaled TEUR 11,497.4 (prior year: TEUR 10,260.2).

In the current fiscal year, the change in the fair value of the plan assets yielded income in the amount of TEUR 1,234.7 (prior year income: TEUR 647.5). In the fiscal year, current income totaling TEUR 2.4 was reported (prior year: 0.0). Since the liability under the PAS plan is linked to the fair value of the PAS fund, this yielded an expense from the accrual of interest on the liabilities in the amount of TEUR 1,237.1 (prior year: TEUR 647.5). These components of the earnings are reported on a net basis.

The costs in acquiring units of the **deferred compensation** fund totaled TEUR 8,301.7. On the balance sheet date, the fair value (market value) of the netted assets of the deferred compensation fund was TEUR 9,495.9 (prior year: TEUR 10,191.6). The settlement amount of the liabilities to be netted equaled TEUR 9,495.9 (prior year: TEUR 10,191.6).
In the current fiscal year, the discounting of the obligations yielded income in the amount of TEUR 21.4 (prior year: TEUR 2.7), and the change in the fair value of the plan assets yielded an expense of TEUR 21.4 (prior year: TEUR 2.7). These components of earnings are netted.

In connection with hedging the obligations under the bonus conversion, the Bank purchased units of the **PRS** Fund at costs of acquisition equaling TEUR 41,713.8. It netted assets and liabilities pursuant to § 246 (2) sentence 2 HGB.

In the current fiscal year, the accrual of interest on the pension obligations generated an expense totaling TEUR 3,444.7 (prior year: TEUR 286.0). The change in the fair value of the plan assets resulted in income of TEUR 74.3 (prior year: expense TEUR 14.1), Current income accrued during this fiscal year equaled TEUR 0.1 (prior year: TEUR 0.0). These components of earnings are netted and reported under other operating expenses.
The standard allocation produces an expense in the amount of TEUR 80.6 (prior year: TEUR 81.3).

On the balance sheet date, the fair value of the plan assets subject to netting equaled TEUR 49,327.1 (prior year: TEUR 46,412.4). The settlement amount of the pension obligations subject to netting was TEUR 56,218.3 (prior year: TEUR 53,514.1) on the balance sheet date. The settlement amount exceeding the plan assets as of the balance sheet date totaled TEUR 6,891.2 (prior year: TEUR 7,101.7) and was reported as an accrued liability under the item "pensions and similar obligations".

All netted assets consist of liquid funds or units of equity funds. The funds are managed exclusively by outside asset managers, who invest in publicly listed securities according to prescribed investor guidelines. The applied fair value for the assets is based on the overview of the individual fund assets as provided by the respective manager. Alternative valuation methods are not applied.

All funds are outsourced under trusts or other fiduciary arrangements [*Treuhänderschaften*] and are therefore removed from the grasp of creditors in the event of a CGMD insolvency.

Accrued liabilities for contingent liabilities and for potential losses from open business transactions are valued at the settlement amount required on the basis of sound business judgment [*vernünftiger kaufmännischer Beurteilung*].

The other accrued liabilities or provisions have a term to maturity of less than one year, except for the obligations under employee anniversaries and involving early retirement.

On the balance sheet date, the settlement amount for the early retirement obligations equaled TEUR 2,449.0 (prior year: TEUR 3,430.5). The fair value of the pledged reinsurance policies in the amount of TEUR 2,035.0 (prior year: TEUR 2,664.9) was netted against the settlement amount of the early retirement obligations. The settlement amount exceeding the plan assets on the settlement date and totaling TEUR 414.0 (prior year: TEUR 765.6) was shown under the line item, “Other accrued liabilities”. In the current fiscal year, an expense in the amount of TEUR 64.7 (prior year: TEUR 6.8) arises from the accrual of interest on the obligations, while income in the amount of TEUR 1.2 (prior year: TEUR 11.1) is yielded from a change in the fair value of the plan assets. These components of earnings are netted and reported under other operating expenses (in the prior year, they were shown under other operating income).
The standard allocation produces an expense in the amount of TEUR 99.7 (prior year: income TEUR 9.8).

Accruals are set up in the balance sheet for **contracts and pending legal disputes** that could have an adverse effect on CGMD’s financial condition.

In light of the examination conducted to meet the requirements of setting aside a provision for threatened losses resulting from interest rate-driven transactions in the banking book [*Bankbuch*] (whether reported on the balance sheet or not) pursuant to § 340a in combination with § 249 (1) sentence 1, Alt, 1 HGB, CGMD applies the cash value approach in accordance with IDW’s official statement RS BFA 3.

The items, which are included in the loss-free valuation, relate to typical bank contractual relationships arising from the deposits and lending business and cover the entire CGMD banking book, including off-balance sheet transactions.

The future cash flows generated from such transactions as well as the risk and administrative costs are discounted to present value on the basis of a risk-free yield curve after converting into the reporting currency, if required.

Dividing the existing transactions into separate time bands according to currency is carried out on the basis of their contractually prescribed maturity dates. Net surplus (asset) positions in the respective time band are fictitiously closed out on the basis of the Bank’s own refinancing costs.

Where there are net liability positions, the fictitious lending transaction is discounted at a rate with no risk premium. Viewed as of December 31, 2017, the fictitious closeouts have little effect on the present cash value reported in the banking book. The applied risk costs recognized in the banking book were calculated using a scenario computation taken from risk management. The administrative costs were derived from the internal accounts.

The calculation as of December 31, 2017 did not produce a need for setting aside a provision to cover threatened losses from the valuation of interest-rate driven transactions.

The **total sum of the amounts, which are barred from payout distribution,** amount to TEUR 119,720.7 (prior year: TEUR 107,928.7). The amount barred from payout distribution within the meaning of § 268 (8) HGB equals TEUR 91,216.2 (prior year: TEUR 84,597.6) is yielded entirely from the capitalization of the plan assets at fair value in the amount of TEUR 250,048.9 (prior year: 241,255.4). The amount barred from payout distribution within the meaning of § 253 (6) sentence 1 HGB equals TEUR 28,504.5 (prior year: TEUR 23,331.2) and is yielded from the difference between the valuation of the pension provisions using the 10-year average interest rate pursuant to § 253 (2) sentence 1 HGB and the 7-year average interest rate. The freely available provisions exceed the total sum of the amounts that are barred from payout distribution.

Income and **expense** items are duly allocated to the period in which they were generated.

The income is allocated among affiliated enterprises of Citigroup using the so-called “GRA” (Global Revenue Allocation). Under that method, the primary allocation system is the revenue split, which applies to a number of the local sales activities.

Negative interest income and negative interest expenses are shown in the income statement line items no. 2 “Negative interest income” or no. 4 “Positive interest from loans and money market transactions” in accordance with § 340c (1) and (2) HGB in combination with § 265 (5) HGB.

In accordance with § 256a HGB, **foreign currency positions** were converted into Euros at the exchange rate set by the ECB on the reporting date and published by the German *Bundesbank* system (average spot exchange rate).

3. Notes on the Balance Sheet

a) Assets based on terms to maturity

Receivables from banks	Dec 31, 2017	Dec 31, 2016
	TEUR	TEUR
a) payable on demand	113,635	148,146
b) up to three months	3,673,500	3,487,800
accrued interest	252	335
	3,787,387	3,636,281

Receivables from clients	Dec 31, 2017	Dec 31, 2016
	TEUR	TEUR
a) up to three months	85,617	90,572
b) more than three months and up to one year	67,035	41,204
accrued interest	94	61
	152,746	131,837

Liabilities owed to banks	Dec 31, 2017	Dec 31, 2016
	TEUR	TEUR
a) payable on demand	732,073	963,051
b) up to three months	64,983	24,869
accrued interest	57	59
	797,113	987,979

Liabilities owed to clients	Dec 31, 2017	Dec 31, 2016
	TEUR	TEUR
a) payable on demand	1,798,472	1,234,399
b) up to three months	855,000	785,000
c) more than three months and up to one year	-	5,000
d) more than one year and up to five years	10,000	10,000
e) more than five years	30,000	30,000
accrued interest	331	336
	2,693,803	2,064,735

b) Fixed asset movement schedule

	Original acquisition costs			Accumulated depreciation, amortization and write-downs					Book values	
		Additions (Disposals)					Additions (Disposals)			
	12/31/2016	Reposting	12/31/2017	12/31/2016	Write-downs	Write-ups	Reposting	12/31/2017	12/31/2017	12/31/2016
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Intangible assets acquired for consideration	5,211	0 0 0	5,211	5,211	0	0	0 0 0	5,211	0	0
Office and plant equipment	9,487	0 138 -22	9,603	8,538	214	0	0 -20	8,732	871	949
Leasehold improvements	15,054	0 191 0	15,245	13,398	523	0	0 0 0	13,921	1,324	1,656
Construction in progress	35	0 270 0	305	0	0	0	0 0 0	0	305	35
Equity investments	1,136	0 0 0	1,136	0	0	0	0 0 0	0	1,136	1,136
Total	30,923	0 599 -22	31,500	27,147	737	0	-20	27,864	3,636	3,776

Any and all intangible and tangible assets (office and plant equipment as well as leasehold improvements) were used by CGMD itself.

Depreciation, amortization and write-downs relating to the additions made during the fiscal year equaled TEUR 54.

c) Receivables from, and liabilities owed to, affiliated enterprises

	Dec 31, 2017	Dec 31, 2016
	TEUR	TEUR
Receivables from banks	103,145	518,352
Receivables from clients	4,841	32,842
Other assets	0	0
Liabilities owed to banks	564,980	844,549
Liabilities owed to clients	993,361	924,755
Other liabilities	67,486	50,629

d) Assets and liabilities denominated in foreign currencies

	Dec 31, 2017	Dec 31, 2016
	TEUR	TEUR
Assets	252,336	154,941
Liabilities	192,635	2,20,105

e) Other notes

The asset item shown on the balance sheet, trading portfolio (line item 5a), is divided into derivative financial instruments totaling EUR 4,590.2 million (prior year: EUR 3,973.0 million), debt securities and other fixed-income securities in the amount of EUR 853.1 million (prior year: EUR 673.2 million), and shares and other variable-yield securities in the amount of EUR 741.2 million (prior year: EUR 380.8 million). Of the debt securities and other fixed income securities, EUR 853.1 million (prior year: EUR 673.2 million) were eligible and listed for trading on a stock market. Of the shares and other variable-yield securities, EUR 741.2 million (prior year: EUR 380.8 million) were eligible and listed for trading on a stock market.

The equity investments totaling EUR 1.1 million (prior year: EUR 1.1 million) are not eligible for trading on a stock market.

The item, which is shown as "other assets" in the amount of EUR 32.7 million (prior year: EUR 15.1 million), includes primarily tax receivables of EUR 10.2 million (prior year: EUR 5.9 million), claims under reinsurance policies of EUR 0.3 million (prior year: EUR 0.6 million) and receivables from an initial margin and totaling EUR 22.2 million (prior year: EUR 8.5 million).

The liability item,, which is shown on the balance sheet "trading portfolio" (line item 3a), is divided into derivative financial instruments in the amount of EUR 4,724.6 million (prior year: EUR 4,067.6 million), liabilities arising from issued and outstanding debt securities in the amount of EUR 1,214.2 million (prior year: EUR 966.8 million) and short positions taken on stock sales in the amount of EUR 2.4 million (prior year: EUR 0.0).

The item, "other liabilities", in the amount of EUR 83.4 million (prior year: EUR 65.6 million) relates primarily to liabilities under the profit transfer obligations totaling EUR 66.9 million (prior year: EUR 49.2 million), liabilities arising from deferred cash bonuses owed to employees and totaling EUR 6.6 million (prior year: EUR 6.2 million), liabilities under an initial margin and totaling EUR 5.3 million (prior year: EUR 0.0), liabilities arising from the restructuring and totaling EUR 0.4 million (prior year: EUR 3.8 million), and turnover tax in the amount of EUR 0.7 million (prior year: EUR 2.6 million).

The item shown as "other accrued liabilities" relates primarily to the provisions made for bonuses, provisions set aside for investment income withholding tax and turnover tax payments, and provisions for restructuring and early retirement. The provisions for bonuses were booked on the basis of the individual employees in an amount of EUR 20.4 million (prior year: EUR 20.7 million). Provisions in the amount of EUR 9.3 million (prior year: EUR 9.2 million) relate to unpaid investment income withholding tax for prior business years and EUR 1.2 million relates to outstanding turnover tax payments arising from the warrants business. Provisions for restructuring amounted to EUR 0.6 million in the fiscal year (prior year: EUR 0.5 million). Provisions for early retirement equaled EUR 0.4 million (prior year: EUR 0.8 million) after deducting the pledged re-insurance policies in the amount of EUR 2.0 million (prior year: EUR 2.7 million).

The contingent liabilities relate to guarantees and warranty contracts. These agreements stem from guarantees made in the amount of EUR 563.5 (prior year: EUR 475.4 million). The Bank believes that the likelihood that claims will be made under the guarantees and warranty contracts, which are shown in the balance sheet, is small given the current credit-standing of the beneficiaries. We have found no evidence that would compel us to reach a different conclusion.

The Bank's loan portfolio consists of not only utilized fixed-term loans and credit facilities, which may be cancelled at any time, but also credit facilities that have not been fully utilized. Most of these credit facilities are intended to finance working capital, although a significant share of the borrowers is still not expected to utilize these credit facilities due to those borrowers' strong cash positions. Overall, the Bank does not anticipate any major changes in credit utilization, as long as overall economic conditions remain stable. Of the irrevocable loan commitments in the amount of EUR 449.1 million (prior year: EUR 492.8 million), EUR 449.1 million (prior year: EUR 481.1 million) have a term to maturity of more than one year. The loan commitments have been extended exclusively to non-banks.

As of the balance sheet date, the Bank had not engaged in any off-balance sheet transactions that fall within the meaning of § 285 no, 3a HGB and were outside the ordinary course of business.

Transactions with related parties within the meaning of § 285 no, 21 HGB are made only on an arm's length basis.

f) Other contingent liabilities

Under a type of absolute guarantee [*selbstschulderische Bürgschaft*], the Bank has assumed secondary liability for the performance of the additional funding obligations of the other member banks of the banking association known as Bundesverband deutscher Banken e,V, Berlin.

Moreover, since 2009, the Bank has taken the opportunity of participating in the credit filing system [*Krediteinreichungsverfahren*] of the German Central Bank [*Bundesbank*], Frankfurt am Main, pursuant to which the credit commitment on file serves as security for the cash funds received, CGMD did not participate in the credit filing system in the fiscal year.

Together with Citibank N.A. in New York, the Frankfurt Branch, and Citigroup Global Markets Finance Corporation & Co, KG, Frankfurt, the Bank is also liable under the debt assumption agreements of November 30, 2011 in connection with the benefits owed for the pension commitments. Commensurate indemnity payments, the amount of which tracks the period of service expense, have been contractually promised by the contracting partners.

g) Other financial liabilities

Financial liabilities under leases running until 30 June 2020 equal EUR 3.5 million *per annum* (prior year: EUR 3.4 million).

4. Notes on the Income Statement

The income and expenses included in the income statement were generated from both domestic and foreign business sources.

The persistently low interest rates, the negative yield on deposits held with the ECB as well as the weak demand for loans led to a negative net interest income of EUR 1.8 million (prior year: EUR 0.6 million), Of the negative interest income from loans and money market transactions totaling EUR 7.7 million (prior year: EUR 0.9 million), EUR 6.4 million (prior year: EUR 0.6 million) was attributable to positive interest income and EUR 14.1 million (prior year: EUR 1.5 million) was attributable to negative interest income. Of the negative interest expenses totaling EUR 5.8 million (prior year: EUR 0.3 million), EUR 2.7 million (prior year: EUR 0.3 million) was attributable to interest expenses and EUR 8.5 million (prior year: EUR 0.6 million) was attributable to positive interest from credit and money market transactions.

Commission income equaled EUR 187.7 million (prior year: EUR 16.4 million), This is made up primarily of brokerage commissions earned by affiliated enterprises and totaling EUR 125.8 million (prior year: EUR 11.9 million), commissions from securities transactions of EUR 25.8 million (prior year: EUR 2.2 million), commissions from Eurex products of EUR 13.4 million (prior year: EUR 1.4 million) and income from payment transactions and corporate finance totaling EUR 19.9 million (prior year: EUR 0.5 million).

Commission expenses equaled EUR 9.0 million (prior year: EUR 0.1 million) and included mostly intra-group cost sharing for relationship management.

The net income of the trading portfolio resulted primarily from gains and losses of the currency risk trading book in the amount of EUR 10.5 million (prior year: EUR 0.8 million) and of the equities and index risk trading book in the amount of EUR 55.1 million (prior year: EUR 0.3 million). The negative result reported in the other trading book equals EUR 3.1 million (prior year: negative result of EUR 0.7 million) and consists mostly of results from warrants traded on commodities and precious metals and from exchange-traded futures transactions on commodities and precious metals. The negative result in the interest rate risk trading book is TEUR 4.5 (prior year: TEUR 28.1) and includes results from interest rate swap agreements.

Under the item shown as “net income from financial trading operations”, EUR 2.6 million (prior year: EUR 0.0 million) was deducted pursuant to § 340e (4) HGB and then allocated to the fund for general bank risks in accordance with § 340g HGB.

Other operating income equaled EUR 20.3 million (prior year: EUR 0.9 million) and included mostly income derived from expense pass-throughs to affiliated enterprises in the amount of EUR 18.9 million and income from subleasing in the amount of EUR 0.4 million (prior year: EUR 0.1 million).

Personnel expenses equaled EUR 72.3 million prior year: EUR 5.6 million).

The other administrative expenses totaled EUR 103.9 million (prior year: EUR 7.0 million) and consisted primarily of processing costs of Citigroup in the amount of EUR 16.4 million (prior year: EUR 1.5 million), Citi chargeouts equaling EUR 32.8 million (prior year: EUR 0.6 million), custody fees of EUR 11.1 million (prior year: EUR 1.0 million), rents totaling EUR 4.9 million (prior year: EUR 0.8 million) and costs for the listing of derivative products in the amount of EUR 7.5 million (prior year: EUR 0.5 million).

The other operating expenses equaled EUR 19.6 million (prior year: EUR 0.3 million) and included mostly expenses and income (net) from valuing the plan assets [*Pensionsdeckungsvermögens*] (PRS and Rose) and the corresponding pension obligations in the amount of EUR 13.8 million (prior year: PRS EUR 0.2 million). Additions to provisions in connection with unpaid investment income withholding tax for past business years amounted to EUR 3.7 million (prior year: EUR 0).

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In the fiscal year, the Bank booked taxes on income and earnings from earlier years in the amount of EUR 0.7 million (prior year: EUR 0.2 million), Of that amount, EUR 0.1 million relate to taxes on income and earnings from prior years (prior year: EUR 0.0 million).

Effective as of the end of fiscal year 2008, the tax allocation agreement (*Steuerumlagevertrag*) that had been in place with Citigroup Global Markets Finance Corporation & Co, beschränkt haftende KG, Frankfurt am Main, was terminated. The expenses incurred for domestic taxes are still shown at the level of the tax group parent company [*Organträger*].

Pursuant to a profit transfer or partial profit transfer agreement, the allocated profits were transferred to Citicorp Global Markets Finance Corporation & Co, beschränkt haftende KG, Frankfurt am Main, in the amount of EUR 66.9 million (prior year: EUR 3.7 million).

5. Fees of the Annual Accounts Auditor

The total fees charged by the annual accounts auditor for the 2017 fiscal year include:

a) Annual audit services	EUR 885,200.00
b) Other certification services	EUR 219,000.00
c) Tax advisory services	EUR 0.00
d) Miscellaneous services	EUR 0.00
e) Outlays	EUR 140,148,97
f) Total	EUR 1,224,348,97

The other tax certification work relates to auditing compliance with various duties involving the management of securities accounts and with the reporting and conduct rules under the Securities Trading Act (*Depot-/WpHG-Prüfung*) and the review of the internal control system for the process of generating product information sheets (*PIB-Erstellungsprozess*).

6. Notes on Derivative Transactions

a) Types of derivative transactions

As of December 31, 2017, the Bank's derivative transactions included the following types of transactions:

aa) Trading transactions

aaa) Foreign currency risk trading book: OTC currency option transactions and currency warrants.

aab) Equities and index trading book: equities and other variable-yield securities in the trading portfolio, OTC stock options, equities and index warrants, exchange-traded futures and options on equities and equity indexes, as well as index certificates and equity certificates.

aac) Other trading book: exchange-traded futures transactions and warrants on commodities and precious metals.

b) Maturities of derivatives

The total volume of derivative transactions can be classified according to maturities per December 31, 2017:

ba) Foreign currency risk trading book

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
OTC currency options					
Bought	50	-	-	50	0.3
Sold	2	-	-	2	-
Currency warrants					
Own issues					
Bought	264	-	694	957	53.0
Sold	313	-	732	1,045	./. 56.6
Exchange-traded futures					
Bought	17	-	-	17	-
Sold	8	-	-	8	-

The foreign currency risk trading book consists primarily of options on the price of gold and the US Dollar. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible during the entire term).

bb) Equities and index trading book

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Third-party equity warrants issuers					
Bought	6	-	-	6	0.3
Stock warrants					
Own issue					
Bought	4,525	551	4,320	9,396	2,381.8
Sold	6,314	1,029	4,677	12,020	./. 2,578.4
OTC stock options					
Bought	68	-	-	68	4.2
Sold	4	-	-	4	
Third party index warrant issuers					
Bought	125	-	-	125	1.8
Index warrants					
Bought	9,677	21	8,775	18,473	2,013.8
Sold	10,405	27	8,922	19,354	./. 2,035.3
Exchange-traded index futures					
Bought	218	-	-	218	./2.7
Sold	111	-	-	111	1.0
Exchange-traded index options					
Bought	397	2	-	399	3.3
Sold	128	10	-	138	./3.6
Exchange-traded stock options					
Bought	1,278	390	-	1,668	108.5
Sold	243	18	-	261	./. 18.7
Index and equity certificates					
Own issue					
Bought	153	12	378	543	853.1
Sold	466	40	349	855	./. 1,214.2

The Equities and index trading book includes mostly options on European and American stocks and options on European and American exchange indexes. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible during the entire term).

bc) Other trading operations

	< 1 year Nominal amount	1-5 years Nominal amount	> 5 years Nominal amount	Total Nominal amount	Market value
	EUR in millions	EUR in millions	EUR in millions	EUR in millions	EUR in millions
Warrants on commodities and precious metals					
Own issue					
Bought	11	-	120	131	29.1
Sold	14	-	127	141	./.30.6
Exchange-traded precious metal futures					
Bought	30	-	-	30	0.7
Sold	-	-	-	-	-

The other trading operations trading book includes above all options on the price of oil, gold and silver. The cash flow anticipated from the derivatives depends mainly on how the underlying performs. As of the balance sheet date, the book contained both European options (exercise possible only at the end of the term) and American options (exercise of the option possible during the entire term).

c) Counterparty credit risk in derivatives trading

As of December 31, 2017, the credit equivalents under the CCR (Counterparty Credit Risk) before credit risk weighting and after regulatory netting are as follows:

Credit risk	Companies and individuals and public bodies, including central banks from Zone B	Credit institutions from Zone A	Credit institutions from Zone B
Product group	Credit equivalent in EUR ‘000		
Foreign currency risk and other price risks trading book	13,819	272,631	-
Other trading transactions	-	9,147	-
Total	13,819	281,778	-

d) Non-settled forward transactions

In connection with the option transactions, CGMD books the premium on the trade date. On the balance sheet date, this practice results in obligations arising from forward transactions that have not yet settled and that are reported in the trade balance sheet for currency risks, equity and index risks and other risks.

7. Miscellaneous notes

CGMD is included in the subgroup financial statements of Citigroup Global Markets Finance Corporation & Co, beschränkt haftende KG, Reuterweg 16, 60323 Frankfurt am Main, which is where the subgroup financial statements of Citigroup Global Markets Finance Corporation & Co, beschränkt haftende KG can also be obtained. Citigroup Global Markets Finance Corporation & Co, beschränkt haftende KG is included in the consolidated financial statements of Citigroup Inc., 388 Greenwich Street in New York, as the ultimate group parent company, which is where the Citigroup consolidated financial statements can also be obtained.

Since 2001, CGMD has had a branch in London, which carries out primarily warrant transactions.

The CGMD Executive Board consist of the following members

Stefan Wintels, Frankfurt am Main, Bank Director, Chairman
Dr. Silvia Carpitella, Frankfurt am Main, Bank Director,
Thomas Falk, Hochheim am Main, Bank Director,
Stefan Hafke, Kelkheim, Bank Director,
Andreas Hamm, Dreieich, Bank Director,
Dr. Jasmin Kölbl-Vogt, Frankfurt am Main, Bank Director,
Christian Spieler, Bad Homburg, Bank Director.

The Supervisory Board consists of the following members:

Hans W, Reich, Kronberg, Bank Director, Chairman,
Bradley Gans, London, Bank Director, Deputy Chairman,
Tim Färber, Kelsterbach, Salaried Bank Employee, Employee Representative.

During fiscal year 2017, the Bank employed an average of 267 persons. The average period of employment for staff members in 2017 was as follows:

100	Employees	up to 5 years
59	Employees	6-10 years
59	Employees	11-20 years
49	Employees	21 years or more
267		

In the fiscal year, total remuneration (including stock options granted) of the Executive Board was TEUR 7,516.7. Pension obligations totaled TEUR 2,821.1. In the reporting year, total remuneration of former members of management bodies and their survivors totaled TEUR 1,759.5. Liabilities for pensions and early retirement obligations owed to former members of the management bodies and their survivors totaled TEUR 44,715.9.

On the basis of the equity-based remuneration, approximately 25.0 thousand shares amounting to USD 1,870.3 thousand were granted as variable compensation.

In fiscal year 2017, supervisory board remuneration totaling TEUR 37.8 was granted. The Company has exercised its elective right under § 286 (4) HGB regarding disclosures about provisions for current pensions and pension expectancies [*Anwartschaften*] of the supervisory board members under § 285 (9) b.

In the fiscal year, the members of the advisory board [*Beirat*] were paid compensation totaling TEUR 547.4.

At year end, there were no outstanding loan obligations owed by members of the Executive Board of CGMD.

8. Supplementary report

In connection with Brexit and Citigroup's repositioning, a restructuring of the Group's German entities and business units is currently being planned. As part of that project, a change in the structure for the Group's holding entity CKG and its subsidiaries is under evaluation.

in March of 2018, Securities Services Division will be moved to Citigroup Europe plc. (CEP) in Ireland.

CGMD will create a short fiscal year for the period January 1 through April 27, 2018.

Frankfurt am Main, March 22, 2018

Citigroup Global Markets Deutschland AG

Stefan Wintels (CEO)	Dr. Silvia Carpitella
Thomas Falk	Stefan Hafke
Andreas Hamm	Dr. Jasmin Kölbl-Vogt
Christian Spieler	

Report from the Supervisory Board of Citigroup Global Markets Deutschland AG

for the Fiscal Year ending December 2017

Throughout the fiscal year, the Supervisory Board continually received verbal and written reports from the Executive Board about the condition of the Company and its business development. The Supervisory Board Chairman solicited regular, timely and comprehensive reports from the Executive Board about the course of business and key developments at the Bank and in the Group and monitored them even between meetings. The focal issues here included, among other things, the effects of Brexit on the Company's direction and strategic plan, the Company's risk situation, the outsourcing of services, the allocation of costs and activities within the Group and challenges in the area of taxes. The Supervisory Board also addressed numerous legislative and regulatory changes, for example the implementation of the remuneration rules under the CRD IV Directive and the Remuneration Ordinance for Institutions (*Institutsvergütungsverordnung*). Thus, in accordance with the statutory provisions, it monitored the Company's management.

The Supervisory Board held four regular meetings during the reporting year. The Supervisory Board also held eight special meetings that addressed the Company's positioning in light of Brexit, considerations about the sale of business divisions and principles regarding Executive Board remuneration as well as the status and progress of various internal and external audits. The subject matter of all the regular Supervisory Board meetings were the regular reports from the Executive Board on the current condition of the Company, including *inter alia* the basis of the risk report. The Supervisory Board also adopted resolutions pursuant to the circulated resolution approval procedure [*Umlaufverfahren*]. No personnel decisions needed to be made. The composition of the Executive Board remained unchanged during the reporting period.

Given its size, the Supervisory Board once again did not form any separate committees.

The members of the Supervisory Board participated, under their own initiative, in educational and training programs that are required for them to perform their tasks. At the same time, the Supervisory Board Chairman held discussions with outside experts about complex topics such as risk management, regulation, accounting and corporate governance and received an outlook on the upcoming regulatory, accounting and legal issues for 2018. In this regard, he also held discussions with the European Central Bank, the German *Bundesbank*, and the German Federal Financial Supervisory Authority (BaFin).

The annual financial statements and management report for fiscal year ending December 31, 2017, including the bookkeeping system, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, and were found to comply with the applicable statutory provisions and the Company's articles of association. The annual financial statements and management report were issued an unqualified auditor's report (*uneingeschränkten Bestätigungsvermerk*). We agree with the audit report.

Based on the completed results from the audit of the annual financial statements and management report as undertaken by the Supervisory Board, there have been no objections raised. At its meeting on March 28, 2018, the Supervisory Board approved the annual financial statements per December 31, 2017 as submitted by the Executive Board and approved the management report.

The Supervisory Board thanked the Executive Board members and the employees for their commitment and contributions in achieving the Company's defined goals.

Frankfurt am Main, March 28, 2018

The Supervisory Board

Hans W. Reich
Chairman

1 Auditors' Report

As a result of our audit, we have issued the following unqualified audit report (*uneingeschränkten Bestätigungsvermerk*):

Audit Report from the Independent Auditor

To Citigroup Global Markets Deutschland AG, Frankfurt am Main

Report on the Audit of the Annual Financial Statements

Audit opinions

We have audited the annual financial statements of Citigroup Global Markets Deutschland AG, Frankfurt am Main, comprising the balance sheet as of December 31, 2017, the income statement, the cash flow statement, and the statement of changes in equity, for the fiscal year from January 1, 2017 through December 31, 2017, as well as the notes to the annual financial statements, including the presentation of the accounting and valuation policies. In addition, we have audited the management report of Citigroup Global Markets Deutschland AG for the fiscal year from January 1, 2017 through December 31, 2017.

Based on the findings made from our audit, we hereby affirm that

– the accompanying annual financial statements comply in all material respects with the German commercial laws applicable to institutions and, in accordance with German principles of proper accounting, give a true and fair view of the net assets and financial position of the Company as of December 31, 2017, as well as its results of operations for the fiscal year from January 1, 2017 through December 31, 2017, and

– the accompanying management report as a whole gives a true and fair view of the Company's situation. This management report is consistent in all material respects with the annual financial statements, complies with the German statutory provisions and correctly presents the opportunities and risks of future development.

In accordance with section 322 (3) sentence 1 of the German Commercial Code (HGB), we hereby affirm that our audit did not lead to any reservations with respect to the propriety (*Ordnungsmäßigkeit*) of the annual financial statements and management report.

Basis for the audit opinion

We conducted our audit of the annual financial statements and management report in compliance with section 317 HGB and Regulation (EU) No. 537/2014, which governs the statutory audit of European public-interest entities (hereinafter referred to as "EU-APrVO") and the German generally accepted principles for the audit of financial statements as promulgated by the Institut der Wirtschaftsprüfer (IDW) [German Institute of Auditors]. Our responsibility under these provisions and principles is described in detail in the section of our audit report entitled, "Responsibility of the auditor for the audit of the annual financial statements and the management report". We are independent from the Company in compliance with German laws and professional regulations, and we have fulfilled our other German professional duties in compliance with these requirements. Moreover, pursuant to Art. 10 (2)(f) EU-APrVO , we hereby affirm that we have not performed any prohibited non-audit services referenced in Art 5 (1) EU-APrVO. We believe that the evidence obtained is sufficient and suitable to provide a basis for our audit opinions about the annual financial statements and management report.

Particularly important audit issues in the audit of the annual financial statements

Particularly important audit issues are such matters that in our due discretion were most important in our audit of the annual financial statements for the fiscal year from December 1 to 31, 2017. These matters were taken into account as a whole in connection with our audit of the annual financial statements and in the formation of our audit opinion; we do not issue a separate audit opinion regarding these matters.

Determination of fair value with the help of valuation models for the valuation of the trading portfolio

Please refer to Note 2 for more information regarding the accounting and valuation policies applied by CGMD. Please refer to Note 6 regarding the composition of the derivatives transactions in the trading portfolio on the assets and liabilities side of the balance sheet.

THE RISK FOR THE FINANCIAL STATEMENTS

The transactions of the trading portfolio are measured at fair value and relate to the issue of warrants and certificates, the associated hedging transactions (i.e., OTC-traded and exchange-traded derivatives) as well as any buybacks from marketi maker activity. At 60.7% of total assets and 58.3% of total equity and liabilities respectively (EUR 6,184.4 million and EUR 5,941.2 million, respectively, in absolute amounts), the balance sheet items related to the trading portfolio are the largest line items of CGMD's annual financial statements.

In some cases, no market prices are observable for warrants, certificates, and OTC derivatives. The fair values are to be determined on the basis of accepted valuation methods. The selection of valuation models as well as their parameters are subject to discretionary judgments. The risk for the financial statements in particular in this regard is that no appropriate valuation models and/or valuation parameters are used and that the trading portfolio as well as net trading income insofar are not measured or calculated in compliance with the accounting requirements.

OUR APPROACH IN THE AUDIT

Based on our risk assessment and the assessment of misstatement risk, we have based our audit opinion on both control-based audit procedures as well as substantive audit procedures. Accordingly, we performed the following audit procedures, among others:

In an initial step, we acquired a comprehensive overview of the changes in the financial instruments of the trading portfolio, the associated risks, and the internal control system with respect to the valuation of the financial instruments of the trading portfolio.

For the assessment of the appropriateness of the internal control system with respect to the valuation of financial instruments for which no market prices can be observed, we conducted surveys that included KPMG internal experts (valuation specialists) and inspected the relevant documents. After performing these tests of design, we tested the effectiveness of the established controls with the help of tests of operation

In particular, the test audit covered whether the models were validated independently of trading activity both when they were introduced as well as regularly or as needed. As part of a random sample, we audited whether the validations were conducted and documented properly and whether the implemented valuation model together with the influent valuation parameters are suitable and reasonable for the respective product. Furthermore, we audited the control of the trade transaction valuation through a trade-neutral department using parameters procured from third parties.

Moreover, our valuation specialists also carried out a subsequent valuation for a particular deliberate selection of products under materiality and risk considerations and compared the results with the values determined by the Bank. With respect to this subsequent valuation, observable pricing and market information was used to the extent possible.

OUR CONCLUSIONS

The valuation principles that are used to calculate the fair values of the trading portfolios, for which no prices can be observed on the market, are proper and in compliance with the valuation principles applied. The Company’s valuation parameters underlying the valuation are reasonable as a whole.

Invoicing of intra-Group services

With regard to the accounting and valuation methods applied by CGMD, we refer to Note 2.

THE RISK FOR THE FINANCIAL STATEMENTS

Of the commission income totaling EUR 187.7 million (prior year: EUR 16.4 million), EUR 125.8 million (prior year: EUR 11.9 million) is attributable to brokerage commissions of affiliated enterprises. The commission expenses equaled EUR 9.0 million (prior year: EUR 0.1 million) and include primarily intra-Group cost-sharing items for relationship management. The other operating income amounted to EUR 20.3 million (prior year: EUR 0.9 million) and include primarily income arising from the pass-through of affiliated enterprise expenses in the amount of EUR 18.9 million.

As a result of the high level of global job-sharing within Citigroup, great importance has been ascribed to intra-Group service relationships both with respect to the preparation of the original bank services as well as services involving support functions. The invoicing is performed *vis-à-vis* all Citigroup entities, although the billing process, the number of transactions requiring billing and the calculation of the billing amount could be very different depending on the work or service supplied. The risk for the financial statements in this regard is that service relationships with other Citigroup entities could be incorrectly recognized and, consequently, the corresponding income and expenses might be presented in the wrong amounts.

OUR APPROACH IN THE AUDIT

Based on our risk assessment and the assessment of misstatement risk, we have based our audit opinion on both control-based audit procedures as well as substantive audit procedures. Accordingly, we performed the following audit procedures, among others:

First, we gained an overview of CGMD's key product lines and services, the invoicing models specified for these products and services, and the associated risks. We thereupon gleaned an understanding about the processes for the recognition, invoicing, and accounting treatment of the intra-Group services rendered and about the internal control system set up with respect thereto.

We conducted surveys and inspected the relevant documents for the assessment of the adequacy of the internal control system. The control processes regarded as relevant for our audit are intended in particular to ensure the accuracy of the income and expenses from intra-Group services and their processing.

After performing these tests of design, we tested the effectiveness of the established controls with the help of tests of operation.

Finally, as part of substantive audit procedures, we audited the propriety of the manual closing entries by posing questions to management and inspecting the documentation serving as a basis. For services that are compensated based on the revenue and/or fee split method, we audited a random sampling as to whether the services were calculated and compensated correctly on the basis of the Group-wide standard and documented transfer pricing method. Furthermore, for a selection made based on aspects of materiality and risk, we have audited the billing and balance sheet recognition of intra-Group services on the basis of the cost-plus methods by inspecting the underlying documentation.

OUR CONCLUSIONS

The measures implemented in the bank are suited to accurately recognize income and expenses from intra-Group services in CGMD's annual financial statements.

Responsibility of the Company's Executive and Supervisory Board for the annual financial statements and the management report

The Company's management (Executive Board) is responsible for preparing annual financial statements that comply in all material respects with the German commercial laws applicable for institutions as well as for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. Furthermore, the management is responsible for the internal controls that it has deemed necessary in accordance with German principles of proper accounting in order to facilitate the preparation of annual financial statements that are free from intentional or unintentional material misstatements.

When preparing the annual financial statements, the management is responsible for assessing the ability of the Company to continue as a going concern. Furthermore, it is responsible for disclosing, to the extent relevant, any matters related to the continuance of the Company as a going concern. Moreover, the management is also responsible for preparing the annual financial statements based on the assumption that the Company will continue as a going concern unless factual or legal circumstances contradict this assumption.

In addition, the management is responsible for preparing the management report, which as a whole gives a true and fair view of the Company's situation and is consistent in all material respects with the annual financial statements, complies with the German statutory provisions and correctly presents the opportunities and risks for future development. The management is also responsible for taking actions and measures (systems) that it believes are necessary to be able to prepare a management report in accordance with the applicable German statutory provisions and to provide sufficiently suitable documentation for the statements made in the management report.

The Supervisory Board is responsible for monitoring the accounting process of the Company for the preparation of the annual financial statements and the management report.

Responsibility of the auditor for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free and clear of any – intended or unintended – material false statements and whether the management report as a whole gives a true and fair view of the Company's situation, is consistent in all material respects with the annual financial statements and with the findings gleaned from the audit, complies with the German statutory provisions, and correctly presents the opportunities and risks of future development and to issue an audit report that includes our audit opinions regarding the annual financial statements and the management report.

Reasonable assurance is a high level of certainty but not a guarantee that an audit conducted in accordance with section 317 HGB and the EU-APrVO as well as the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can result from violations or errors and are considered to be material if it can be reasonably expected that they individually or collectively influence the financial decisions made by addressees on the basis of the annual financial statements and the management report.

During the audit, we exercise due discretion and maintain professional skepticism. In addition:

- We identify and assess the risk of intentional or unintentional material misstatements in the annual financial statements and management report, plan and perform audit procedures as a reaction to this risk and obtain audit evidence that is sufficient and suitable to serve as the basis for our audit opinions. The risk that material misstatements are not detected is higher with violations than in the case of errors, since violations can involve fraudulent cooperation, falsification, intentional omissions, misleading disclosures and/or the suspension of internal controls.

– We gain an understanding of the internal control system that is relevant for the audit of the annual financial statements and of the arrangements made and measures taken that are relevant for the management report audit in order to plan audit procedures that are appropriate under the given circumstances, but not with the goal of issuing an audit opinion on the effectiveness of these Company systems.

– We assess the appropriateness of the accounting policies applied by the Company's statutory representatives (management) as well as the reasonableness of the estimated values presented by the management and any associated disclosures.

– We draw conclusions on the appropriateness of the going-concern accounting principle, as applied by the Company's management, as well as whether there is significant uncertainty in connection with events or circumstances based on the audit evidence obtained that could raise considerable doubts about the Company's ability to continue as a going concern. If we come to the conclusion that there is significant uncertainty, we are obligated to make reference in the auditors' report to the associated disclosures in the annual financial statements or in the management report, or to modify our audit opinion if these disclosures are inappropriate. We draw our conclusions on the basis of the audit evidence obtained by the date of our auditors' report. However, future events or circumstances can lead to a situation in which the Company can no longer continue as a going concern.

– We assess the overall presentation, structure, and contents of the annual financial statements, including the disclosures and whether the annual financial statements present the underlying transactions and events such that the annual financial statements give a true and fair view of the Company's net assets, financial position and results of operations in accordance with German principles of proper accounting.

– We assess the consistency between the management report and the annual financial statements, its compliance with the statutes, and the view conveyed by the report regarding the status and situation of the Company.

– We performed the audit concerning the forward-looking statements in the management report as described by the management. On the basis of sufficiently appropriate audit documentation, we are able to comprehend and track specifically the key assumptions that serve as the basis for the forward-looking statements provided by management and can evaluate the proper derivation of the forward-looking statements based on those assumptions. We are not issuing a separate audit opinion regarding the forward-looking statements and the underlying assumptions. There is a considerable and unavoidable risk that future events will differ significantly from the forward-looking statements.

We discuss with the responsible supervisory bodies the planned scope and timing of the audit as well as significant audit findings, including any defects in the internal control system that we identify during our audit.

We provide the responsible supervisory bodies with a statement affirming that we have complied with the relevant requirements for independence and discuss with them all relationships and other matters that can be reasonably presumed to have an impact on our independence as well as the related protective measures taken.

We determine which of the matters that we have discussed with the responsible supervisory bodies were most important in the audit of the annual financial statements for the current period and therefore those which are particularly important audit issues. We describe such matters in our audit report, unless laws or other legal provisions prevent their public disclosure.

Other regulatory and legal requirements

Other disclosures in accordance with Article 10 EU-APrVO

We were selected to serve as auditor by the shareholders' meeting on March 29, 2017. We were appointed by the Chairman of the Supervisory Board on December 19, 2017. We have been the auditor of Citigroup Global Markets Deutschland AG, Frankfurt am Main, and its predecessor entity, for more than 25 years in a row.

We affirm that the audit opinions included in this auditors' report are consistent with the additional report to the Supervisory Board in accordance with Article 11 EU-APrVO (long-form audit report).

Responsible Auditor

The auditor responsible for the audit is Klaus-Ulrich Pfeiffer.

Frankfurt am Main, 23 March 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

/signed/ Pfeiffer	/signed/ Dr. Niemeyer
Wirtschaftsprüfer	Wirtschaftsprüfer

The Supplement and the Registration Document are available free of charge at the offices of Citigroup Global Markets Deutschland AG, Frankfurter Welle, Reuterweg 16, 60323 Frankfurt am Main and furthermore are available on the website of the issuer at www.citifirst.com by clicking on the link "Legal Documents" under the rider "Products".

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